

The Insolvency Act 1986

Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Stewarts of Edinburgh Limited

SC262691

(a) Insert
full
name(s)
and
address(es)
of
administrat
or(s)

14 We (a) J B Cartwright and G D Frost of PricewaterhouseCoopers LLP, Atria One,
144 Morrison Street, Edinburgh, EH3 8EX administrator(s) of the above company
attach a progress report for the period

from

(b) 6 December 2015

to

(b) 5 June 2016

(b) Insert
dates

Signed

Joint / Administrator(s)

Dated 14 July 2016

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Margaret Wilson

PricewaterhouseCoopers LLP

141 Bothwell Street, Glasgow, G2 7EQ

Tel 0141 355 4292

DX Number

DX Exchange

Then you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
or 235 Edinburgh / LP 4 Edinburgh-2

THURSDAY



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COMPANIES HOUSE



**Stewarts of Edinburgh Limited (in Administration)
Court of Session
Case No. P1356 of 2011**

**Joint Administrators' progress report for the six months ended 5 June
2016**

14 July 2016

Contact details for queries

Contact	Address	Direct line	E-mail	Fax
Margaret Wilson	PricewaterhouseCoopers LLP, 141 Bothwell Street, Glasgow, G2 7EQ	0141 355 4292	margaret.g.wilson@uk.pwc.com	0141 355 4005

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1. Joint Administrators' progress report for the six months ended 5 June 2016

Introduction

In accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986 ("ISR86"), the Joint Administrators ("the Administrators") write to provide creditors with details of the progress of the Administration of Stewarts of Edinburgh Limited ("the Company") since the Administrators' previous report dated 22 December 2015.

Background information and initial actions taken by the Administrators

Details of the background to, and actions taken since our appointment are contained in the Administrators' proposals dated 30 January 2012 and the progress reports dated 13 July 2012, 17 December 2012, 4 July 2013, 20 December 2013, 7 July 2014, 22 December 2014, 9 July 2015 and 22 December 2015.

Realisation of assets in the six month period

Creditors may recall that the Company had a Fixed Rate Loan and a Modified Participating Fixed Rate Loan and that the Clydesdale Bank plc ("the Bank") had conducted a review of the loans which resulted in an offer of redress for the Modified Participating Fixed Rate Loan which the Administrators accepted. The Bank then exercised their right to set the redress offer against their remaining debt, reducing their claim against the Company by £189,183. This means that more funds resulting from recoveries already made from other assets will be available for unsecured creditors (rather than being distributed to the Bank under their prior ranking securities).

No offer of redress has been received in relation to the Fixed Rate Loan. In this case the Bank did not consider there had been mis-selling or that the loans were linked. The Administrators queried this assessment with the Bank in September 2015 and are currently awaiting the Bank's response.

Receipts and payments account

An account of the receipts and payments in the Administration for the period 6 December 2015 to 5 June 2016 is set out in section 3 to this report.

Receipts in the period comprise interest earned of £502 on funds invested.

Payments in the period consist of:

- Legal and other professional costs of £1,082; and
- Corporation tax of £240.

Outcome for creditors

Preferential Creditors

The preferential creditors totalling £82,109 have been paid in full.

Secured Creditor

The Bank held a standard security over the heritable property at 1 Lister Road, Livingston and holds a floating charge over the Company's assets. The amount due to the Bank at the date of the Administrators' appointment was approximately £1,001,000. As a result of the settlement in relation to the Modified Participating Fixed Rate Loan, and other previous realisations, the debt due to the Bank has been settled.

Ordinary Creditors

Realisations have been sufficient to permit a small distribution of circa 1p to 1.5p in the £ to ordinary creditors. The amount and timing is dependent on finalising the interest rate hedging position, agreeing the tax position and adjudicating and agreeing unsecured creditors' claims. An adjudication on the claims of the ordinary creditors will shortly be finalised in anticipation of the eventual distribution of funds in the estate. We have instructed our legal agents to apply to the Court for permission for the Administrators to distribute to the unsecured creditors.

1. Joint Administrators' progress report for the six months ended 5 June 2016

Extension of Administration

On 20 November 2015 the Court of Session granted an Order extending the period of the Administration to 5 December 2016.

In order to finalise the Administration by 5 December 2016, the Administrators require to finalise the interest rate hedging position, agree the tax position with HMRC and adjudicate on the unsecured creditors' claims.

In the event that the Administrators are unable to bring these matters to a close by 5 December 2016, a further extension of the Administration may be required and an application to the court, pursuant to Paragraph 76(2) of Schedule B1 to the Insolvency Act 1986 ("Sch. B1 IA86") will be made.

Creditors who have any objection to such an extension should provide details of their objection in writing to Margaret Wilson at the address on the front of this report or by telephone 0141 355 4292 within 14 days of receiving this report. You may also wish to send a copy of such objections to the Court of Session, Parliament House, Parliament Square, Edinburgh, EH1 1RQ, marked for the attention of the Commercial Court Clerk.

Administrators' remuneration

The Administrators' remuneration is approved by the creditors. To 6 June 2012, the Administrators have had approval for and have drawn remuneration of £200,000 representing 986.35 hours at an average hourly rate of £202.77, in accordance with the resolutions passed by the meeting by correspondence.

We are seeking approval of our remuneration and outlays for the period 6 June 2012 to 5 June 2016 by way of a meeting held by correspondence.

Creditors' rights

You can find a note explaining the rights of creditors in relation to our fees and expenses, and how to request further information, online at:

[https://www.r3.org.uk/media/documents/technical_library/SIPs/Creditors'_Guide_to_Administrators'_Remuneration_Scotland.pdf](https://www.r3.org.uk/media/documents/technical_library/SIPs/Creditors_Guide_to_Administrators'_Remuneration_Scotland.pdf)

Next report

The Administrators' next report to creditors will be at the earlier of the conclusion of the Administration or in approximately six months.

For and on behalf of
Stewarts of Edinburgh Limited



Graham D Frost
Joint Administrator

J B Cartwright and G D Frost have been appointed as Joint Administrators of Stewarts of Edinburgh Limited to manage its affairs, business and property as its agents. As such, they contract without personal liability. J B Cartwright and G D Frost are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration

2. Statutory and other information

Court details for the Administration:	Court of Session, P1356 of 2011
Full name:	Stewarts of Edinburgh Limited
Trading name:	Stewarts of Edinburgh Limited
Registered number:	SC262691
Registered address:	Atria One, 144 Morrison Street, Edinburgh, EH3 8EX, formerly 1 Lister Road, Kirkton Campus, Livingston, West Lothian, EH54 7BL
Company directors:	Terence O'Hare, John Mahoney, Marion Reid, Kenneth Murray
Company secretary:	John Mahoney
Shareholdings held by the directors and secretary:	Terence O'Hare – 42,260 ordinary shares, Marion Reid – 18,000 ordinary shares, Kenneth Murray – 18,000 ordinary shares
Date of the Administration appointment:	6 December 2011
Administrators' names and addresses:	Graham D Frost and J Bruce Cartwright both of PricewaterhouseCoopers LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX
Changes in office holder:	None
Appointor's / applicant's name and address:	The directors of the Company, 1 Lister Road, Kirkton Campus, Livingston, West Lothian, EH54 7BL
Objective being pursued by the Administrators:	(b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), failing which, objective (c) realising the property in order to make a distribution to one or more secured or preferential creditors

2. Statutory and other information

Division of the Administrators' responsibilities:

Whereas John Bruce Cartwright and Graham Douglas Frost both licenced insolvency practitioners of PricewaterhouseCoopers LLP, Atria One, 144 Morrison Street, Edinburgh are to be appointed as joint administrators of Stewarts of Edinburgh Limited ("Joint Administrators"). We, the directors being the appointor of the Joint Administrators, hereby declare pursuant to paragraph 100(2 Sch. B1 to the Insolvency Act 1986 that all and/or any powers which are conferred on the Joint Administrators by the Insolvency Act 1986 may be done by either or both of the Joint Administrators acting jointly or alone.

Details of any extensions to the initial period of appointment:

The Court of Session has granted four extensions. An extension to 5 December 2013 was granted by the Court of Session on 5 November 2012, an extension to 5 December 2014 was granted by the Court of Session on 1 November 2013, an extension to 5 December 2015 was granted by the Court of Session on 26 November 2014 and an extension to 5 December 2016 was granted by the Court of Session on 20 November 2015

Proposed end of the Administration:

Dissolution

Estimated dividend for unsecured creditors:

Unknown – the value of the claim in respect of the interest rate hedging is unknown at present and the quantum of creditors' claims is unclear

Estimated values of the prescribed part and the Company's net property:

Realisations have been sufficient to repay the debt due to the secured creditor in full. Accordingly, a surplus of funds is available for distribution to ordinary creditors. The quantum and timing of the proposed distribution is dependent on the finalisation of the IRHP position, finalisation of the tax position, agreement of the claims of the ordinary creditors and approval of the Administrators' remuneration

Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:

The Administrators do not intend to make an application to Court under Section 176A(5) of the Insolvency Act 1986 to disapply the prescribed Part if the economic benefits to the body of the creditors are outweighed by the costs of adjudication.

2. Statutory and other information

The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):

The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Receipts and payments for the period 6 December 2015 to 5 June 2016

A receipts and payments account for the period 6 December 2015 to 5 June 2016 is attached.

**Stewarts of Edinburgh Limited
(In Administration)
Administrators' Trading Account**

Statement of Affairs	£	From 06/12/2015 To 05/06/2016	£	From 06/12/2011 To 05/06/2016	£

Statement of Affairs	From 06/12/2015	To 05/06/2016	£
	From 06/12/2011	To 05/06/2016	£

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**Stewarts of Edinburgh Limited
(in Administration)
Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 06/12/2011 To 05/06/2016		From 06/12/2015 To 05/06/2016	
£		£		£	
FLOATING CHARGE CREDITORS					
Floating Charge Creditor		40,000.00		(40,000.00)	
1,717,948.87		(40,844.43)		268,118.09	
REPRESENTED BY					
VAT Receivable		51,054.51		292,139.49	
HICA		149.57		5,948.45	
Dividend a/c				(41,596.49)	
Fixed Ch Vat Receivable				(15,406.17)	
Vat Payable				(24,133.67)	
Vat Control Account				(37.60)	
Accruals					
Due to PWC					
				268,118.09	

Graham Douglas Frost
Administrator